

UNITED STATES SENATE

Permanent Subcommittee on Investigations

William V. Roth Jr. Chairman
Warren B. Rudman, Vice Chairman
Sam Nunn, Ranking Minority Member

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**SENATORS RECOMMEND IMPROVEMENTS
IN SECURITY CLEARANCE PROGRAMS**

Senators William V. Roth, Jr., (R-Del.) and Sam Nunn (D-Ga.) of the Permanent Subcommittee on Investigations today called for fewer security clearances, improved and more frequent background checks, tighter controls on the dissemination of classified documents and a more active leadership role by the National Security Council as steps that can be taken immediately to curb the rise in Soviet espionage in the United States.

The Subcommittee held hearings on the government's security clearance program in April where shortcomings in the effort to combat espionage were cited. The hearings were based on an investigation by the Subcommittee Minority staff under the direction of Senator Nunn, as Ranking Minority Member, with the concurrence of Senator Roth, the Chairman.

As a result of the hearings, a report of the investigation, including the recommendations made public today, will be circulated among Subcommittee Members by Roth and Nunn.

Senators Roth and Nunn released copies of their proposed findings and recommendations at the press conference and, in a joint statement, urged Subcommittee Members to concur in the findings and the Congress and executive branch to use the report as the vehicle for taking prompt action to strengthen espionage control procedures.

Senators Roth and Nunn said:

"It is increasingly apparent that the Soviet Union and its surrogates have embarked on a massive espionage venture in this country wherein they hope to obtain as much of our classified information as they can. The U.S. must respond in a prompt and effective fashion.

"There are today more than 4 million persons with security clearances in this country. Given the massive numbers of clearance requests, all too often security clearances are granted with insufficient amounts of background inquiry. Equally important, our hearings showed that far too little commitment of resources is being made to periodically reinvestigate cleared personnel. Studies have shown that rarely do people enter federal service intending to commit espionage. It is usually after they have been on the job for a time that, for a variety of reasons, they become vulnerable to Soviet recruitment attempts. That is why the periodic reinvestigation is so important.

"We should do a better job of clearing government and defense workers. That objective can be a more realistic one if the number of cleared personnel is cut to the minimum. Far more workers have clearances than need them. For example, Pentagon officials testified at our hearings that 33 percent of the Top Secret clearances among defense contractor employees are held by people who never see a Top Secret document. With fewer background checks to conduct, government can do a better job on those that are really necessary.

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"In addition, the Pentagon particularly should be more prudent in its dissemination of secret documents. The fewer people who see such papers, the fewer opportunities there are for compromise.

"The National Security Council and the interagency working group formed to implement National Security Decision Directive Number 84 (NSDD 84) should be encouraged, perhaps by the President himself, to move quickly to implement comprehensive reform in the way we provide for personnel security. Continued bureaucratic delay and interagency disputes should not be allowed to further forestall sound security measures. The NSC should take prompt and decisive action to address and help solve the many serious problems which undercut the government's ability to effectively protect classified information."

The Roth-Nunn findings and recommendations are attached.

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Attachment

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**Findings, Conclusions and Recommendations for Corrective Action
in Federal Government Security Clearance Programs**

1. The government's personnel security program should be devoted to accurately detecting potential security risks as well as efficiently clearing large numbers of personnel.
2. The number of personnel holding clearances for access to highly sensitive information must be reduced. Our current system cannot adequately insure the continued integrity and reliability of the 4.2 million Americans who today hold security clearances. Furthermore, hearing testimony strongly suggested that many of those 4.2 million have no actual need for a security clearance. Clearance requests have reached unmanageable numbers, resulting in diluted investigative resources and background investigations of diminished quality. The President should issue an executive order directing that government agencies and contractors substantially cut the number of security clearances within 2 years with a goal of a 50% reduction. As an added incentive, those agencies and contractors who make the largest cuts should be given priority on remaining clearance requests.
3. Complementing the reduction in clearances, there must also be a significant effort to insure that information is classified only where truly necessary to maintain the national security. Although the Subcommittee's investigation did not focus in detail on the problem of overclassification, the 1984 report of the Information Security Oversight Office, released shortly after the Subcommittee's hearings, confirmed that "overclassification" of information remains a problem within the government.
4. The National Security Council should promptly complete its review of the personnel security programs. Although the National Security Council has been charged with initiating needed reforms in personnel security, this had not been accomplished at the time of the hearings. Given the critical importance of these reforms to our national security, the National Security Council should act promptly and without further delay, to carry out this responsibility. Absent such action, Congress will be forced to consider enacting legislation to replace, revise, and consolidate the dated executive orders which now govern the government's security clearance programs.
5. An executive body should be established with personnel security oversight responsibilities for the entire government similar to those which the Information Security Oversight Office now holds for the classification of information. This organization should specify and enforce uniform government-wide standards for security investigations and adjudications for both personnel and facility clearances. Standard requirements for formal training for both investigators and adjudicators should be established.
6. Congress must also focus on problems dealing with classified information in the legislative branch. For the most part, there are no established standards or procedures. Personal offices and Committee practices vary widely in terms of their handling of clearances and classified material. There are few, if any, checks in this system. We believe an overall review of security procedures in the legislative branch should be conducted by the Rules Committee in consultation with the Intelligence Committee with a goal of recommending improvements where needed. We commend the Senate Intelligence Committee's efforts in this area and recommend the review of their practices and procedures as a model for such improvements.
7. A more thorough quality background should be conducted on those individuals with Secret clearances who have access to highly sensitive information. Hearing testimony established, without dispute, that the national agency check, now currently used as the basis for most Secret clearances, is woefully inadequate as a background investigation. Some effort should be made to review and perhaps restructure the massive Secret clearance category with a view to prioritizing those clearances actually affecting the most critical and sensitive information.

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8. There should be regular periodic reinvestigations for personnel with Secret and Top Secret clearances. Timely reinvestigation should be considered as important and be accorded as much priority as the initial background investigation. Cleared employees, at both government and contractor levels, should be required to complete yearly updated personnel security questionnaires. Some responsibility for updates should be shifted where possible to the users' security departments.
9. More realistic sanctions, such as debarment, suspension, and the imposition of monetary fines, should be meted out to employers of cleared personnel, including defense contractors, if they knowingly or through negligence violate personnel security regulations. Greater emphasis should be placed on the use of these sanctions in an effort to increase the accountability of contractors for security violations.
10. Legislation should be enacted which would allow security clearance investigative agencies such as the Defense Investigative Service and the Office of Personnel Management to obtain needed background information from state and local agencies as well as private corporations. Currently, they are often refused needed information due to interpretations of a variety of laws, including state privacy acts, the federal privacy act, and the Fair Credit Reporting Act.
11. An interagency group should be formed to develop a more effective means for conducting personnel security investigations regarding immigrant aliens and recently naturalized citizens who apply for security clearances. U. S. agencies which assist in clearance investigations abroad should recognize the critical importance of this task to national security and prioritize their efforts accordingly.
12. Responsible government agencies should increase efforts in the area of personnel security research to develop appropriate investigative strategies and procedures and to identify, where possible, areas of personnel vulnerability. Hearing testimony indicated that, at least in the Defense Department, there has been no significant dedication of resources for furthering study in this area, despite its growing importance to our national security.
13. Congress should consider the need for legislation clearly specifying that the Merit Systems Protection Board is authorized to review employment, as opposed to security, decisions. The Board, whose expertise does not encompass questions of national security, should not be engaged in the denial or reinstatement of security clearances.
14. The government should determine the feasibility of utilizing available technology for the encoding of classified documents to prevent their unauthorized duplication and removal. If feasible, this technology should be implemented as soon as possible on, at the least, a prioritized basis determined by the sensitivity and vulnerability of the material involved.
15. Continuing security awareness programs on behalf of federal agencies and industrial contractors should be given the highest priority. These programs should emphasize the harsh realities and grave personal consequences of espionage in an attempt to dispel popular misconceptions of espionage as an often glamorous and intriguing adventure.
16. Within the Department of Defense, all industrial clearance adjudication, including Special Access Programs (SAP) or Sensitive Compartmented Information (SCI) procurements, should be consolidated. According to hearing testimony, the present division of adjudication authority generates inconsistency, unpredictability and duplication of effort within the Department of Defense clearance system.
17. Under current rules, contractors who reduce security costs have a competitive advantage in the bidding process. Current Federal Acquisition Regulations should be reviewed to determine whether they can be modified to segregate security costs from those overhead rate determinations used for the award of contracts. Testimony suggested that the current inclusion of security costs in overhead gives contractors a "disincentive" to strengthen and improve security programs.

18. Defense Investigative Service (DIS) and Office of Personnel Management (OPM) investigators are not currently authorized to use the National Crime Information Center (NCIC) data bank. Law enforcement agencies routinely use that data bank to quickly obtain updated criminal record information. The Attorney General should proceed with arrangements for both the Defense Investigative Service and Office of Personnel Management to be granted access to the National Crime Information Center by the Board of Governors. Use of the Center would greatly facilitate access to state criminal records which are often otherwise unavailable for use in clearance investigations.
19. Government agencies and contractors should emphasize and strictly adhere to the "need to know" standard in submitting clearance requests. Greater responsibility should be delegated to the employers of cleared personnel, including contractors, to "prescreen" individuals submitted for clearances. In order to strengthen their incentive to eliminate unnecessary clearances, the costs of investigations conducted by the Defense Investigative Service should be charged to the appropriate DOD service or agency, similar to the system now employed by the Office of Personnel Management. Contractors should be charged for the cost of any DIS investigations requested beyond established quotas for those requests. Under current rules, costs of Defense Investigative Service investigations are covered by the DIS budget, rather than by those agencies requesting the investigations.
20. The requirements for cleared personnel and facilities vary in response to federal budget priorities. To meet uneven demand, the Office of Personnel Management and the Department of State have instituted plans of contracting with experienced outside investigators who can be called upon during surge periods, thus delivering adequate investigative products without unnecessarily expanding the permanent federal workforce. All agencies responsible for conducting personnel security investigations should examine the feasibility of, and consider, following this procedure during surge periods.
21. Currently, only three professional employees in the Department of Defense are responsible for policy operations for what amounts to the largest personnel security program in the free world. More realistic staffing would help eliminate the need to periodically create oversight committees to propose reforms of the program. The office in DOD dealing with personnel security policy should be given enhanced status and adequately staffed and funded so that it can effectively oversee the DOD personnel security program.
22. In keeping with these recommendations, the Subcommittee commends the work of the Department of Defense Industrial Security Review Committee as set forth in its December 1984 report. The Committee's analysis of the Defense Industrial Security Program was extremely helpful to the Subcommittee in identifying and examining major shortcomings within the program. The Subcommittee recommends that the Department of Defense review and implement where feasible the Committee's recommendations for improvement of the Industrial Security Program, with particular emphasis on those portions dealing with the enhancement of personnel security investigative standards; the reduction of industrial clearances; increased and improved security requirements for industrial contractors - including strict monitoring of after-hours access; and revision of the industrial security inspection system.

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